Avantium 1st Half 2026 Analyst Call

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Participants

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Rogier van Wijk – CFO, Avantium

Operator: Hello and welcome to Avantium First Half 2026 Analyst Call. Please note this call is being recorded. And for the duration of the call, your lines will be on listen-only mode. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator. I will now hand you over to your host, Aarne Luten, Director of Investor Relations, to begin today's conference. Thank you.

Aarne Luten: Thanks, Laura. And good morning, everyone, and welcome to Avantium's First Half 2026 Business and Financial Update conference call. My name is Aarne Luten, Director Investor Relations, and thank you for joining us today. As always, today's call is being recorded and a transcript will be made available on our website shortly after the call. Before we begin, I would like to remind you that today's discussion may include forward-looking statements subject to risks and uncertainties, as outlined in our press release.

Joining me today are Tom van Aken, CEO of Avantium, and Rogier van Wijk, CFO of Avantium. Tom will provide an update on the operational, commercial and strategic developments of the first half of 2026. Rogier we'll then discuss the selected financial results and financing initiatives before we open the call for questions. With that, let me hand over to Tom.

Tom van Aken: Thank you, Aarne. Good morning, everyone. The first half of 2026 has been an important period for Avantium. Our primary focus has remained the safe and successful start-up of the FDCA Flagship Plant in Delfzijl, while at the same time strengthening our commercial positioning and sharpening our strategic focus as we transition into a commercial stage company.

Let me start with the FDCA Flagship Plant, which remains our number one priority.

During the first half of 2026, we continued to make meaningful progress in the start-up of the world's first commercial-scale FDCA plant. Earlier this year, we completed the titanium welding remediation program, and since then we have successfully commissioned the oxidation unit, following the start-up of the utilities systems and the sugar dehydration unit. We are now finalizing commissioning activities for the purification unit.

Many of you will recall that we previously expected to complete the start-up during the summer of 2026. While we have continued to make progress, several mechanical and operational issues have taken longer to resolve than anticipated, including equipment-related issues, insufficient cooling capacity, and instrumentation tuning and calibration. Importantly, these matters do not relate to the underlying chemistry or technology platform. They are typical commissioning and start-up items for a first-of-a-kind, highly complex commercial-scale plant, where all systems must operate together; if one part of the plant is not functioning properly, the plant cannot be started up safely.

What gives us confidence is that we have already successfully commissioned or started up several major parts of the plant. The oxidation unit has been commissioned successfully, following the start-up of the utility systems and the Sugar Dehydration unit, and we are now in the final stages of commissioning the purification unit. Each completed step improves our understanding of the plant, reduces execution risk and brings us closer to commercial operations.

Looking ahead, the key milestone is the production of the first FDCA. Achieving that milestone will represent the successful start-up of the plant and the commercial-scale validation of our technology platform. Subject to successful start-up and product qualification, we continue to anticipate the first shipments of FDCA at the end of 2026.

Turning to commercial progress.

Demand for FDCA and PEF continues to strengthen. We have now secured 22 long-term offtake agreements related to volumes from the FDCA Flagship Plant and 15 capacity reservation agreements representing more than 150 kilotonnes of future FDCA and PEF volumes from licensed production facilities, corresponding to a potential annual product value of approximately €750 million. This is a 50% increase compared to the start of the year when we had 100 killotonnes per year of capacity reservations in place, showing the growing commercial interest in FDCA and PEF.

At the same time, our licensing pipeline continues to develop. We are engaged in discussions across Europe, North America and Asia and are seeing several opportunities advance into more detailed technical, commercial and project development phases. These opportunities involve a range of potential deployment models and a diverse group of industrial partners.

The regulatory environment also remains supportive. The implementation of the Packaging and Packaging Waste Regulation, the European Bioeconomy Strategy, and broader policy support for biobased materials continue to strengthen the long-term market outlook for FDCA and PEF.

Let me briefly touch upon our strategic portfolio realignment program.

Over the past year we have been sharpening our focus on our core FDCA and PEF business. During the first half of 2026, we completed the divestment of our Ray Technology IP to UPM and spun out Volta Technology into the independent company Carbeau. We are also well-advanced in spinning out our Parana Technology into an independent company, with Avantium retaining a shareholding. We have furthermore decided to discontinue further investments in Dawn Technology. Discussions regarding strategic options for Avantium R&D Solutions also remain ongoing. These actions improve capital discipline, simplify the portfolio, reduce future cash requirements and allow management to concentrate resources on the commercialization and licensing of FDCA and PEF

Finally, we further strengthened the management team during the period. Earlier this year, Rogier van Wijk joined Avantium as CFO and member of the Management Board. In addition, Floris Hekster will join as permanent COO on 1 October, succeeding interim COO Hero de Jager.

With that, let me hand over to Rogier for the financial update.

Rogier van Wijk: Thank you, Tom, and good morning everyone. For those of you I have not yet met, this is my first analyst call with Avantium since joining the company in May. I am very pleased to be part of the team at such an important stage in the Company's development.

Before discussing a brief selection of the financial performance for the first half of 2026, I would like to clarify one important point regarding financial reporting. Today we are providing a business and financial update for the first half of 2026. However, the full IAS 34 Interim Financial Statements for HY 2026 will not be published today. Instead, this will be published alongside the prospectus for the planned Equity Raise, and in any event no later than 30 September 2026. This approach ensures that the half year Financial Statement and prospectus will be fully aligned.

Let me now continue with the key financial metrics for the first half of 2026.

Revenues for the first six months amounted to €4.7 million, compared with €6.7 million in the same period last year. The decline was driven by lower revenues within Avantium R&D Solutions. The customers in the (petro)chemical industry remained cautious amid geopolitical uncertainty in the Middle East and higher oil prices, which is leading to reduced R&D spending and delayed project decisions.

Net operating expenses were broadly stable at approximately €27 million. Lower personnel costs, reflecting the organizational changes implemented over the past year, were offset by higher utility costs associated with the commissioning and start-up of the FDCA Flagship Plant.

As a result, EBITDA for the first half was negative €18.8 million, broadly in line with the previous year. Our cash position stood at €23.9 million as of 30 June 2026. With the plant now in an advanced stage of start-up, we have greater visibility on our funding requirements. Based on this we have announced the [details of the] financing initiatives today.

We have made meaningful progress on the previously announced government-related investment initiative, and we are in dialogue with the NOM. The Company has received a term sheet for a proposed €20 million convertible loan facility under the Nij Begun program, and discussions have advanced to the next phase of the process. The proposed Nij Begun facility remains subject to, Avantium securing funding through the planned Equity Raise.

On top of this, Avantium intends to raise at least €55 million in equity capital in 2026. We are in advanced discussions with selected financial institutions to secure underwriting commitments.

With that, I will hand back to Tom for a few closing remarks.

Tom van Aken: Thank you, Rogier.

To conclude, our priorities for the remainder of 2026 are clear: safely and successfully complete the start-up of the FDCA Flagship Plant, produce the first FDCA, commence commercial deliveries in the fourth quarter, continue advancing licensing discussions, and complete the financing initiatives that will support our next phase of growth.

While the past year has not been without challenges, we believe Avantium is making tangible progress on all of the critical milestones that matter most for long-term value creation.

Thank you for your continued interest and support.

Operator, please open the line for questions.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star one on your telephone keypad. And we'll pause for a brief moment while they queue in for question. Thank you. We will now take our first question from Mahaut Arnaud of Stifel. Your line is open. Please go ahead.

Mahaut Arnaud: Thank you for taking my question. I'm Mahaut Arnaud attending on behalf of Paul de Froment for STIFEL. Cash was €24 million at June end, against a €34 million outflow in H1. On the current burn, when does existing cash run out absent of the raise? And what is the latest date by which the equity raise must be completed?

Rogier van Wijk: Thank you, Mahaut, for the question on the cash. If you do the math on the cash burned – the cash out for the first half was €34 million, you can then apply that going forward with a slightly lower cash rate as we have spun out our Volta business. And we are close to also spinning out the Parana business and decided to discontinue further investments in the Dawn business. If you take that into account, you can estimate the cash run rate for the remainder of the year.

Mahaut Arnaud: Okay. Very clear. Thank you. I have a quick follow-up question. The titanium welding remediation added around €7 million of CapEx. What is the total project CapEx now? What remains to be spent? And is any residual CapEx still ahead of us on full start-up?

Rogier van Wijk: There is minimal CapEx between now and full start-up. And, as you can imagine, this will move into the OpEx cost. But the titanium remediation costs have been covered already in the first half year.

Mahaut Arnaud: Okay. Thank you. Very clear.

Operator: Thank you. And we will now take our next question from Patrick Roquas of Kepler Cheuvreux. Your line is open. Please go ahead.

Patrick Roquas: Thank you. Good morning, gentlemen. I've got three questions. The first one is the issues and delays in getting the Flagship Plant operational, what does this mean for scaling up production in, for example, a plant of 50 kilotons capacity? And the question is, can the technology simply be copy pasted from the Flagship Plant? Or are there certain issues that need to be solved if someone wants to expand the capacity by, let's say, ten times? That's the first question.

Secondly, good to see the big increase in capacity reservations. Can you provide us some information on the key terms of such reservations? I assume this comes down to quality and price per kiloton. But happy to hear your view on that.

And then the third question is related to the funding requirements. If I'm right, that's going to be at least €75 million, including the convertible loan. And in the press release, you provide an indication of OpEx and CapEx activities where you need capital for. Is it fair to assume that this gives you headroom until the end of 2028 when the Flagship Plant is at full capacity? Those are my questions. Thank you.

Tom van Aken: Okay. Thank you, Patrick. So, I'll start off with your first question. This relates to the issues and delays and the impact on scaling from our flagship facility to license plants of 100 kilotons. We think that the current issues that we have been resolving and the challenges that we have encountered are basically the learning curve of the technology that we will incorporate in the design and in the instructions on how to start up the plant. As we have said, they are related to mechanical issues, so things like pumps, like cooling mechanics, calibrating analytical equipment, etcetera. So, they are not intrinsically related to the chemistry or to the technology. But they are very relevant also for the learning curve that we will then pass on to our licensees to help them to start up 100 kiloton plants in a fast and effective manner.

We have not encountered any issues that would require a significant overhaul or change to the design of the plants, because it's all mechanical related, and therefore, these things are solvable. Of course, it helps if you know on how to do this. And that is why our licensees are paying us license fees, because we are now paying the fees for the learning curve. In conclusion, I don't see any impact on the licensing business, except for the impact on timing.

Then your second question on the capacity reservations, they are very specific agreements on the commercial terms. As you can imagine, Avantium is not in a position to ultimately agree on the price or the price formula with the customer. That is something that our licensees would like to do. So, we give a price range for the products. And the customer is committing to take their products if it is in their price range. And there's very clear language in there on the quality and the specification of the material that is provided.

We have received feedback from licensees that they are positively surprised of the level of commitment that we're getting from customers for these larger volumes, as it is a very significant driver for reducing their commercial risk of these types of projects. So, I think that we're really on the right track there. And we're providing significant value for our future licensees.

In terms of the funding requirements, so you add the €55 million and the €20 million. You asked if that is enough to come to the end of 2028? That depends on the Flagship Plant revenues, that you rightfully mentioned, because that will take some time from start-up to go ramp it up to full capacity. But it is also going to be dependent on our licensing business as we expect to be signing licensing deals in that time frame. That will have a big impact on the company financially moving forward. We have made various scenarios on how this may go. And that is how we have come up with the size of the planned financing, to ensure that the company is sufficiently financed for the next phase of growth.

Patrick Roquas: Okay. Thank you very much.

Operator: Thank you. We'll now move on to our next question from Reg Watson of ING. Your line is open. Please go ahead.

Reg Watson: Morning, Tom. I'm just going to extend Patrick's question. So, I note that you expect first commercial deliveries from the Flagship Plant at the end of this year. But you don't expect it to be running at full capacity until the second half of 2028. That's 18 to 24 months later. Why is that taking so long?

And then related to that, if your licensees are not going to sign up for a license until the Flagship Plant is running at full capacity, doesn't that mean that we won't actually see any license sales until 2028, possibly 2029?

Tom van Aken: AThanks, Reg. So, let me first answer your question or your comment on the ramp up, which is 18 to 24 months. This is correct. We've been very consistent in this. I think even in our IPO in 2017, we've indicated that ramp up is going to take 12 to 24 months. We'll do everything that we can to make the period shorter. But I think as we're still in the start-up phase, I think it is prudent and wise to stick to the 12 to 24 months here in terms of ramp up production.

I do not agree with the comment that licensees will wait until the Flagship Plant is running at full capacity. And that is because running the Plant at full capacity is dependent on many other factors, like how do you run maintenance, how do you have your shifts organised, et cetera. Those are not typical things that are so relevant for our licensees. What they want to see is that we are consistently meeting the process performance parameters of the Plant. They want to see that we are consistently, in continuous mode, produce purified FDCA. And that will be for them the trigger that the technology has been sufficiently de-risked, and that the technology has been demonstrated.

What I'm trying to get to is that we do expect that we're going to be meeting those criteria in 2027. And therefore, we do expect that in 2027 we're going to be able to provide the technological evidence to customers to enable them to sign license agreements.

Reg Watson: Okay. And 2027 first half, second half?

Tom van Aken: We are in active discussions with licensees. It's not only that this is about technology, but they're also looking at the commercial part, the feedstock, et cetera. I think it is fair to say that the thing that is really keeping us from signing license agreements is the Flagship Plant start-up and the technology demonstration. I think for certain licensees, that may already be in the first half of 2027. Others are probably going to be a bit more conservative and will wait for more data, and then it's going to be in the second half of 2027.

We can't give the capacity reservations to all of our licensees, so we have to divide this over our licensees to make sure that they have a good commercial base load of the plants that they're looking to construct and operate.

Speaker: Okay. So, with the 150 kilotons in today's press release of reservations, if you're dividing that between the licensees, presumably really there's only enough to go around between three licensees. Is that a fair statement?

Tom van Aken: I think I can follow the logic, because we do not anticipate that we're going to be filling up the plant of our licensee. They're looking for a good commercial base load. The 150 kilotons is where we are now, Reg, and we continue to bring in new capacity reservations. We expect to continue to do that in the second half of the year and in 2027. If you take a base load of 50%, then we would have now sufficient capacity reservations for three licensed plants. And we are aiming to extend that to provide for additional license deals moving forward.

Reg Watson: Right. Okay. How many licensees are you talking to? Five? Ten? 15? 20?

Tom van Aken: We are in advanced discussions with four of them.

Reg Watson: Okay, that's really helpful. Thank you. And then a final question, Tom. On the cash burn, I think in previous calls and discussions the cash burn had been intimated at around €4 million a month. The first half of this year has come in at €5.6 million. I can appreciate that there have been additional costs to take into account. But I'm just wondering if you could give us a bit of colour on that delta. And then also going forward, what we can expect per month. I appreciate that earlier in this call the answer was less than in the first half. But are we back down to the four-month level again or is it still going to be elevated?

Rogier van Wijk: Yeah. Reg, I will take that question on the cash burn. What has been previously communicated wasn't a number that included CapEx and interest. What you see as a real cash out includes all of the cash flows. Going forward, it's – we can't tell more than it's a lower number. What I can tell you is if you take the CapEx of €7 million that we communicated earlier that started in 2025 and ran into the first quarter of 2026, so you could split that between last year and this year, that's CapEx that won't continue. That's completed. And you can also take assumptions on the spin outs, how much that will reduce our run rate. On top of that, we continue to look at cost reduction measures to further bring this down. But at this stage, we can't give a specific guidance on what that cash burn rate is going forward.

Reg Watson: Okay. Thank you.

Operator: Thank you. Once again, as a reminder, if you would like to ask a question, please press star one on your telephone keypad. We will now move on to our next question from Fernand de Boer of Degroof Petercam. Your line is open. Please go ahead.

Fernand de Boer: Yes. Good morning. Fernand de Boer, Degroof Petercam. One question left for me. On this convertible loan from the NOM, if the €55 million is raised, are then all conditions fulfilled? Or are there still other conditions open? That's actually my only question.

Rogier van Wijk: I'll take that question, Fernand. There's a number of conditions that they have put in and that we are currently discussing. This is one of them, the equity raise.

Fernand de Boer: Thank you, Rogier.

Tom van Aken: To provide a bit more colour on this, Fernand, if you look at the NOM, they are interested to enhance the economy in the northern part of the Netherlands. So, as you can imagine, these conditions are also related to making sure that the capital is being used for the purpose of stimulating the economy of the Groningen province. This is something that is also being discussed between the parties to make sure that we have a realistic understanding of what we can do in Groningen and how we grow our presence in Groningen.

Fernand de Boer: Okay. And maybe one follow-up on the cash flow. How much of the cash outflow was actually due to the interest payments?

Rogier van Wijk: What we said in our last analyst call that I did not join, but I've seen the script, it's in line with what we had last year.

Fernand de Boer: Okay. All right. Thank you.

Operator: Thank you. There are no further questions in the queue. I will now hand it back to the host for closing remarks. Thank you.

Aarne Luten: Thanks, Laura. Thank you all for joining – for your questions today and participating in today's call. Should any follow-up questions arise, feel free to reach out to us. And thank you again for joining us. And have a good day. Thank you.

[END OF TRANSCRIPT]